



25 Sigourney Street
Hartford CT 06106-5032

STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

IP 2001(9)

INFORMATIONAL PUBLICATION

Q & A: The Connecticut Alternative Minimum Tax

Purpose: This Informational Publication is intended to answer commonly-asked questions about the Connecticut alternative minimum tax.

Effective Date: The Connecticut alternative minimum tax is effective for taxable years beginning on or after January 1, 1993. The information presented in this administrative pronouncement is effective for taxable years beginning on or after January 1, 2000.

Statutory Authority: Conn. Gen. Stat. §12-700a.

What is the Connecticut Alternative Minimum Tax?

The Connecticut alternative minimum tax is a tax imposed on certain individuals, estates, and trusts **in addition** to the regular Connecticut income tax. The tax is computed on the lesser of 19% (.19) of the adjusted federal tentative minimum tax, or 5% (.05) of the adjusted federal alternative minimum taxable income.

Who is Subject to the Connecticut Alternative Minimum Tax?

You are subject to the Connecticut alternative minimum tax and are required to file **Form CT-6251, Connecticut Alternative Minimum Tax Return – Individuals**, if either of the following conditions is true for the taxable year:

- You were a Connecticut resident or part-year resident and had a federal alternative minimum tax liability; **or**
- You were a Connecticut nonresident with a federal alternative minimum tax liability **and** you had Connecticut-source income.

If you meet one of the conditions above, you must file Form CT-6251, even if you do not have to pay the Connecticut alternative minimum tax. Certain individuals may be required to file federal Form 6251, Alternative Minimum Tax – Individuals, even though they do not have to pay the federal alternative minimum tax. These individuals are not subject to the Connecticut alternative minimum tax and are not required to file Form CT-6251.

Any trust or estate liable for the federal alternative minimum tax must complete and attach **Schedule I, Connecticut Alternative Minimum Tax Computation of Trusts or Estates**, to **Form CT-1041, Connecticut Income Tax Return for Trusts and Estates**. The information discussed in this publication applies primarily to individuals. See Form CT-1041, Schedule I for information and filing requirements for the Connecticut alternative minimum tax for trusts and estates.

How is the Connecticut Alternative Minimum Tax Computed?

Complete federal Form 6251 before completing Form CT-6251. You will use figures from federal Form 6251 in completing your Form CT-6251.

The Connecticut alternative minimum tax is computed in the following manner:

First: Calculate your adjusted federal alternative minimum taxable income by adding or subtracting Connecticut modifications (if any) to your federal alternative minimum taxable income. Use your adjusted federal alternative minimum taxable income to recalculate your allowable exemption and the tentative minimum tax. The result is your adjusted federal tentative minimum tax.

Second: Calculate the Connecticut minimum tax. The Connecticut minimum tax is the lesser of:

- 19% (.19) of the adjusted federal tentative minimum tax; **or**
- 5% (.05) of the adjusted federal alternative minimum taxable income.

Third: Nonresidents or part-year residents only: Allocate the Connecticut minimum tax based upon the percentage of income from Connecticut sources.

Fourth: Subtract your Connecticut income tax from the apportioned Connecticut minimum tax. The difference (if greater than zero) is your net Connecticut minimum tax.

Fifth: Residents or part-year residents only who paid alternative minimum tax to a qualifying jurisdiction on income that is taxed by both Connecticut and that jurisdiction: Calculate your

allowable credit on **Form CT-6251, Schedule A, Credit for Alternative Minimum Tax Paid to a Qualifying Jurisdiction**. **Part year residents** may only claim a credit for alternative minimum tax paid to a qualifying jurisdiction on items of income, gain, loss, or deduction attributable to that jurisdiction during the period of Connecticut residency.

A *qualifying jurisdiction* includes another state of the United States, a political subdivision within another state, or the District of Columbia. A qualifying jurisdiction does not include the State of Connecticut, the United States, or a foreign country or its provinces (for example, Canada and Canadian provinces).

Sixth: Subtract your credit for alternative minimum tax paid to a qualifying jurisdiction (if any) from the net Connecticut minimum tax. The result is your Connecticut alternative minimum tax.

Seventh: If you determine that you are subject to the Connecticut alternative minimum tax, you must **complete** Form CT-6251 and **attach** it to your **Form CT-1040, Connecticut Resident Income Tax Return** or **Form CT-1040NR/PY, Connecticut Nonresident or Part-Year Resident Income Tax Return**, even if your Connecticut alternative minimum tax is zero.

May I Claim a Credit for Connecticut Alternative Minimum Tax That I Paid in a Prior Year? Yes. You may claim a credit against your regular Connecticut income tax for Connecticut alternative minimum tax paid in a prior year. Complete **Form CT-8801, Credit for Prior Year's Connecticut Minimum Tax for Individuals, Trusts, and Estates**.

How is the Credit Calculated? Your credit for the taxable year is calculated by subtracting the part of your prior year's Connecticut alternative minimum tax that was attributable to adjustments and items of tax preference (such as exclusion items), specified in Internal Revenue Code §53(d), from your net Connecticut alternative minimum tax paid in the prior year. Add the result to the amount of credit carried forward from the prior year.

EXAMPLE: Luke's current year's regular Connecticut income tax liability is \$5,000 and his current year's Connecticut alternative minimum tax is \$3,500. Luke's allowable credit is limited to \$1,500 (\$5,000 - \$3,500 = \$1,500). If Luke's credit for the prior year's alternative minimum tax is \$2,000, Luke can only use \$1,500 of that credit in the current taxable year (\$500 is carried forward).

May I Carry the Unused Portion of the Credit Forward? Yes. You may carry any unused portion of the credit forward to reduce your regular Connecticut income tax. You may only claim this credit for a taxable year(s) in which you do not have a Connecticut alternative minimum tax liability. You may carry the credit forward until it is completely used. If you are entitled to any additional credit in a subsequent year, you may add that credit to any balance being carried forward from earlier years.

Effect of This Document: An Informational Publication is a document that addresses frequently asked questions about a current DRS position, policy or practice, usually in a less technical question and answer format.

Effect on Other Documents: **IP 2001(9)** modifies and supersedes **IP 94(2.4)**. **IP 94(2.4)** may no longer be relied upon on or after the date of issuance of this publication.

Related Forms and Publications:

Form CT-6251, Connecticut Alternative Minimum Tax Return – Individuals

Form CT-1040, Connecticut Resident Income Tax Return

Form CT-1040NR/PY, Connecticut Nonresident or Part-Year Resident Income Tax Return

Form CT-1041, Connecticut Income Tax Return for Trusts and Estates

Form CT-8801, Credit for Prior Year's Connecticut Minimum Tax for Individuals, Trusts and Estates

For Further Information: Call DRS during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day by calling 860-297-4911.

Forms and Publications: Forms and publications are available all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: **www.drs.state.ct.us**
- **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
- **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone.